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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

BP 3/10 \*

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**FACING PAGE**

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/07 AND ENDING 12/31/07  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: RA Capital Advisors LLC

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

FIRM I.D. NO.

12340 El Camino Real, Suite 450

(No. and Street)

San Diego, CA 92130

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Kathleen D. Scott

(858) 704-3200

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Ernst & Young LLP

(Name - if individual, state last, first, middle name)

725 South Figueroa Street, Los Angeles, CA 90017

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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## OATH OR AFFIRMATION

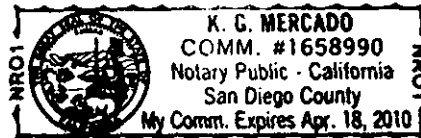
I, Kathleen D. Scott, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of RA Capital Advisors LLC, as of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Kathleen D. Scott  
Signature

Principal

Title

K. G. Mercado  
Notary Public



This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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STATEMENT OF FINANCIAL CONDITION

RA Capital Advisors LLC  
December 31, 2007

RA Capital Advisors LLC

Statement of Financial Condition

December 31, 2007

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## Report of Independent Registered Public Accounting Firm

The Members  
RA Capital Advisors LLC

We have audited the accompanying statement of financial condition of RA Capital Advisors LLC (the "Company") as of December 31, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of the Company's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of RA Capital Advisors LLC at December 31, 2007, in conformity with U.S. generally accepted accounting principles.

*Ernst & Young LLP*

February 22, 2008

RA Capital Advisors LLC

Statement of Financial Condition

December 31, 2007

**Assets**

Cash and cash equivalents	\$ 2,083,940
Accounts receivable, net of allowance for doubtful accounts of \$91,515	244,544
Due from affiliated companies	105,936
Prepaid expenses	206,506
Property and equipment, net of accumulated depreciation and amortization of \$490,479	353,506
Other assets	29,892
Total assets	<u>\$ 3,024,324</u>

**Liabilities and members' equity**

Liabilities:

Accounts payable and accrued liabilities	\$ 162,629
Deferred rent	39,310
Deferred revenue	71,667
Total liabilities	<u>273,606</u>

Members' equity	<u>2,750,718</u>
Total liabilities and members' equity	<u>\$ 3,024,324</u>

*See accompanying notes.*

# RA Capital Advisors LLC

## Notes to Statement of Financial Condition

December 31, 2007

### 1. The Company

RA Capital Advisors LLC (the "Company") is a registered broker-dealer in securities under the Securities Exchange Act of 1934 (the "Act"). The Company's principal business consists of consultations with respect to merger and acquisition transactions, and business and financial analysis. The majority of the Company's revenues are derived from such consultation services.

The Company was formed in the state of Delaware in December 2002. During 2005, the Company underwent a restructuring which resulted in new ownership of the Company, and the renaming of the Company from Relational Advisors LLC to RA Capital Advisors LLC.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The Company uses the accrual basis of accounting.

#### Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of less than 90 days as cash equivalents. Cash and cash equivalents include cash in readily available checking, money market and brokerage accounts.

The carrying amounts of cash and cash equivalents, accounts receivable, prepaid expenses and other assets, accounts payable and accrued liabilities approximate fair value because of the short-term nature of those instruments.

#### Property and Equipment

Property and equipment consisted of the following at December 31, 2007:

Furniture and fixtures	\$ 488,935
Computer hardware	277,806
Leasehold improvements	<u>77,244</u>
Total	843,985
Less: accumulated depreciation and amortization	<u>(490,479)</u>
Property and equipment, net	<u>\$ 353,506</u>

## RA Capital Advisors LLC

### Notes to Statement of Financial Condition (continued)

#### 2. Summary of Significant Accounting Policies (continued)

Property and equipment are recorded at cost and depreciated over the estimated useful lives of the asset (three to five years) using the straight-line method. Leasehold improvements are amortized over the shorter of the remaining lease term or useful life of the improvement.

##### Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

##### Income Taxes

The Company is classified as a partnership for income tax purposes. Accordingly, all tax attributes (items of gain, loss, credits, etc.) will be passed through to its members. Although the Company is not subject to income taxes, it is liable for various state fees.

#### 3. Net Capital Requirement

The Company, as a registered broker and dealer in securities, is subject to the uniform net capital rule of the Securities and Exchange Commission (the SEC) under Rule 15c3-1 which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, as defined, does not exceed 15 to 1. The SEC requirements also provide that equity capital may not be withdrawn or distributions paid if certain minimum net capital requirements are not met. At December 31, 2007, the Company's net capital, as defined, was \$1,768,655 as compared to a minimum requirement of \$10,842, and its ratio of aggregate indebtedness to net capital was .09 to 1.

#### 4. Related-Party Transactions

As of December 31, 2007, the Company had amounts due from affiliated companies of \$105,936, which represent reimbursement for expenses paid by the Company on behalf of affiliated companies.



## RA Capital Advisors LLC

### Notes to Statement of Financial Condition (continued)

#### 5. Commitments

The Company has an office lease agreement expiring in 2010. The Company is obligated to make future minimum lease payments under this agreement as follows:

<u>Year ending</u>	<u>Total</u>
December 31, 2008	\$ 387,615
December 31, 2009	401,182
Thereafter	343,018
	<u>\$ 1,131,815</u>

#### 6. Simplified Employee Pension Plan

The Company has a Simplified Employee Pension (SEP) Plan for its employees.

#### 7. Indemnification Agreements

The Company enters into contracts that contain a variety of indemnifications. The Company's maximum exposure under these arrangements is unknown. However, the Company has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

**END**